



City of Taunton

Small Businesses Information

COVID 19/Coronavirus

Local Grants:

1. Small Business Recovery Grant Program

rogram Information and Application

The City of Taunton has established a Small Business Recovery Grant Program to assist in the stabilization of existing small businesses which have undergone significant business disruption due to COVID-19. This program is for eligible applicants that can demonstrate hardship induced by COVID-19 and meet U.S. Housing and Urban Development requirements of income eligibility and job retention. The City of Taunton, Office of Economic and Community Development will continue to accept applications as funding allows.

Click the link below for program information and application:

<https://www.taunton-ma.gov/economic-community-development/pages/small-business-recovery-grant-program>

STATE FEDERAL GRANTS & LOANS

Free Money from the Government

The federal government does not offer grants or “free money” to individuals to start a business or cover personal expenses, contrary to what you might see online or in the media. Websites or other publications claiming to offer "free money from the government" are often scams. Report them to the Federal Trade Commission.

The government does offer federal benefit programs designed to help individuals and families in need become self-sufficient or lower their expenses.

1. Paycheck Protection Program (PPP)

Notice: Paycheck Protection Program closed August 8, 2020

Current law dictates that the Paycheck Protection Program (PPP) close at the end of August 8, 2020. As such, SBA is no longer accepting PPP applications from participating lenders.

Loan Details

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.

SBA will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses.

- PPP loans have an interest rate of 1%.
- Loans issued prior to June 5 have a maturity of 2 years. Loans issued after June 5 have a maturity of 5 years.
- Loan payments will be deferred for borrowers who apply for loan forgiveness until SBA remits the borrower's loan forgiveness amount to the lender. If a borrower does not apply for loan forgiveness, payments are deferred 10 months after the end of the covered period for the borrower's loan forgiveness (either 8 weeks or 24 weeks).
- No collateral or personal guarantees are required.
- Neither the government nor lenders will charge small businesses any fees.

- Provides borrowers the option of extending the covered period from 8 to 24 weeks.
- Reduces the amount that must be spent on payroll in order to qualify for loan forgiveness from 75% to 60%.
- Requires that lenders defer repayment until 10 months after the last day of the covered period. If borrowers seek loan forgiveness by this date, repayments commence on the date that any forgiveness is remitted by the SBA.
- Extends minimum loan maturity from 2 years to 5 years.
- Extends the deferral period on interest from 6 months to 1 year.
- Prolongs the Safe Harbor period in which businesses can rehire employees without jeopardizing loan forgiveness from June 30 to December 31.
- Permits recipients of PPP loans to take advantage of deferring Social Security Payments as granted by the CARES act.

Most importantly, SBA and Treasury said you have only until June 30 to apply for a PPP loan.

Key Things to Know About PPP:

- **Who can apply?** All businesses—including nonprofits, veterans organizations, tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors—with 500 or fewer employees may apply. Businesses in certain industries with more than 500 employees may be eligible if they meet applicable SBA employee-based size standards for those industries.
- **When can I apply?** The program became available to small businesses and sole proprietorships for loans to cover their payroll and certain other expenses on April 3, 2020. Starting April 10, 2020, independent contractors and self-employed individuals could also apply. Initial program funds were depleted as of April 16, 2020, but additional funding was approved on April 23, 2020. The program is currently open until June 30, 2020, but eligible businesses are encouraged to prepare their applications now to be in the queue for these additional relief funds, which are again expected to run out rapidly.
- **Where can I apply?** You can apply through any existing SBA 7(a) lender or through any participating federally insured depository institution, federally insured credit union, and Farm Credit System institution. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should ask your local lender whether it is participating.

- **What can I use these loans for?** Proceeds from these loans may be used for payroll costs, including benefits; interest on mortgage obligations incurred before Feb. 15, 2020; rent under lease agreements in force before Feb. 15, 2020; and utilities for which service began before Feb. 15, 2020.
- **How much of my loan can be forgiven?** The loan will be forgiven if proceeds are used to cover payroll costs, most mortgage interest, rent, and utility costs over the eight-week period after the loan is made, *and* if employee and compensation levels are maintained. Payroll costs are capped at \$100,000 on an annualized basis for each employee, and due to the high volume of applicants, at least 75 percent of the forgiven amount must have been used for payroll. Payments required on loan proceeds used for any uncovered expenses will be deferred for six months, and no collateral or personal guarantees are required.

For more information on PPP loans, links to the **loan application**

(<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>), and other helpful resources, see the U.S. Treasury's **fact sheet**

(<https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>) and the SBA's **PPP**

FAQs (https://www.sba.gov/sites/default/files/2020-04/Paycheck-Protection-ProgramFrequently-Asked-Questions_04%2026%2020.pdf). \

2. **Economic Injury Disaster Loan Emergency Advance**

In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories were able to apply for an Economic Injury Disaster Loan advance of up to \$10,000. This advance is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue. This loan advance will not have to be repaid. Recipients do not have to be approved for a loan in order to receive the advance, but the amount of the loan advance will be deducted from total loan eligibility. SBA will begin accepting new Economic Injury Disaster Loan (EIDL) and EIDL Advance applications on a limited basis only to provide relief to U.S. agricultural businesses.

EIDL Advance was a grant program offered together with the economic injury loan program. The amount of the grant was determined by the number of employees indicated on the EIDL application: \$1,000/employee, up to a maximum of \$10,000.

- EIDL Advance does not have to be repaid.
- Recipients did not have to be approved for an EIDL loan to receive the EIDL Advance.
- The amount of the loan Advance was deducted from total loan eligibility.
- Businesses who received an EIDL Advance in addition to the Paycheck Protection Program (PPP) loan will have the amount of the EIDL Advance subtracted from the forgiveness amount of their PPP loan.

All available funds for the EIDL Advance program have been allocated. SBA is not able to issue EIDL Advances once program funding has been obligated and is no longer available.

EIDL loan applications will still be processed even though the Advance is no longer available.

The new eligibility is made possible as a result of the latest round of funds appropriated by Congress in response to the COVID-19 pandemic.

Small business owners and qualified agricultural businesses in all U.S. states and territories are currently eligible to apply for a low-interest loan due to Coronavirus (COVID-19).

Agricultural businesses with 500 or fewer employees are now eligible as a result of new authority granted by Congress in response to the COVID-19 pandemic.

Agricultural businesses include those businesses engaged in the production of food and fiber, ranching, and raising of livestock, aquaculture, and all other farming and agricultural related industries (as defined by section 18(b) of the Small Business Act (15 U.S.C. 647(b)).

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- SBA is encouraging all eligible agricultural businesses with 500 or fewer employees wishing to apply to begin preparing their business financial information needed for their application.

More information here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance>

PURPOSE

TERMS

To meet financial obligations and operating expenses that could have been met had disaster not occurred

- 3.75% for businesses (fixed)

- 2.75% for nonprofits (fixed)
- 30 years
- No pre-payment penalty or fees

USE OF PROCEEDS Working capital & normal operating expenses

Example: continuation of health care benefits, rent, utilities, fixed debt payments.

**COLLATERAL
REQUIREMENTS**

- Required for loans over \$25,000
- SBA uses a general security agreement (UCC) designating business as collateral, e.g. machinery and equipment, furniture and fixtures, etc.

FORGIVABLE

- NO – EIDL Loan
- YES – EIDL Advance*

MATURITY

**Advance funds have been fully allocated and are not currently available*

30 years

Deferred 1 year; interest still accrues

Borrower may make payments if they choose to do so.

PAYMENTS

Set up online payments through [Pay.gov](https://pay.gov) OR mail payments to:

U.S. Small Business Administration
721 19th Street
Denver, CO 80202

Be sure to include EIDL loan number on mailed-in checks.

SBA is currently accepting new Economic Injury Disaster Loan (EIDL) applications from all qualified small businesses, including agricultural businesses, and private nonprofit organizations.

If you have already applied via the streamlined application portal, please do not resubmit your application.

EIDL Advance: NO LONGER AVAILABLE

EIDL Advance was a grant program offered together with the economic injury loan program. The amount of the grant was determined by the number of employees indicated on the EIDL application: \$1,000/employee, up to a maximum of \$10,000.

- EIDL Advance does not have to be repaid.
- Recipients did not have to be approved for an EIDL loan to receive the EIDL Advance.
- The amount of the loan Advance was deducted from total loan eligibility.
- Businesses who received an EIDL Advance in addition to the Paycheck Protection Program (PPP) loan will have the amount of the EIDL Advance subtracted from the forgiveness amount of their PPP loan.

All available funds for the EIDL Advance program have been allocated. SBA is not able to issue EIDL Advances once program funding has been obligated and is no longer available.

EIDL loan applications will still be processed even though the Advance is no longer available.

Eligibility

Small business owners and qualified agricultural businesses in all U.S. states and territories are currently eligible to apply for a low-interest loan due to Coronavirus (COVID-19).

Agricultural businesses with 500 or fewer employees are now eligible as a result of new authority granted by Congress in response to the COVID-19 pandemic.

Agricultural businesses include those businesses engaged in the production of food and fiber, ranching, and raising of livestock, aquaculture, and all other farming and agricultural related industries (as defined by section 18(b) of the Small Business Act

3. SBA Express Bridge Loans

Express Bridge Loan Pilot Program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loans or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan. If a small business has an urgent need for cash while waiting for decision and disbursement on an Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.

Terms

- Up to \$25,000
- Fast turnaround
- Will be repaid in full or in part by proceeds from the EIDL loan

Please read more here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-express-bridge-loans>

4. SBA Debt Relief

The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic. As part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, the Small Business Debt Relief program has been enacted to provide immediate relief to small businesses with existing non-disaster Small Business Administration Loans. More information here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief>

Overview

As part of our coronavirus debt relief efforts, the SBA will pay 6 months of principal, interest, and any associated fees that borrowers owe for all current 7(a), 504, and Microloans in regular servicing status as well as new 7(a), 504, and Microloans disbursed prior to September 27, 2020. This relief is not available for Paycheck Protection Program loans or Economic Injury Disaster loans. Borrowers do not need to apply for this assistance. It will be automatically provided as follows:

- For loans not on deferment, SBA will begin making payments with the next payment due on the loan and will make six monthly payments.
- For loans currently on deferment, SBA will begin making payments with the next payment due after the deferment period has ended and will make six monthly payments.
- For loans made after March 27, 2020 and fully disbursed prior to September 27, 2020, SBA will begin making payments with the first payment due on the loan and will make six monthly payments.

SBA has notified 7(a), 504 and Microloan Lenders that it will pay these borrower loan payments. Lenders have been instructed to refrain from collecting loan payments from borrowers. If a borrower's payment was collected after March 27, 2020, lenders were instructed to inform the borrower that they have the option of having the loan payment returned by the lender or applying the loan payment to further reduce the loan balance after SBA's payment.

Borrowers should contact their lender if they have any questions regarding this payment relief.

Additional Debt Relief

For current SBA Serviced Disaster (Home and Business) Loans: If your disaster loan was in “regular servicing” status on March 1, 2020, the SBA is providing automatic deferments through **December 31, 2020**.

What does an “automatic deferral” mean to borrowers?

- Interest will continue to accrue on the loan.
- 1201 monthly payment notices will continue to be mailed out which will reflect the loan is deferred and no payment is due.
- **The deferment will NOT cancel any established Preauthorized Debit (PAD) or recurring payments on your loan.** *Borrowers that have established a PAD through Pay.Gov or an Online Bill Pay Service are responsible for canceling these recurring payments. Borrowers that had SBA establish a PAD through Pay.gov will have to contact their SBA servicing office to cancel the PAD.*
- Borrowers preferring to continue making regular payments during the deferment period may continue remitting payments during the deferment period. SBA will apply those payments normally as if there was no deferment.

- After this automatic deferment period, borrowers will be required to resume making regular principal and interest payments. Borrowers that cancelled recurring payments will need to reestablish the recurring payment.

If you have questions about your current loan and whether or not your loan is automatically deferred, please contact your Loan Servicing Office directly using the following information:

- Birmingham Disaster Loan Servicing Center:
 - Phone: 800-736-6048
 - Email: BirminghamDLSC@sba.gov
- El Paso Disaster Loan Servicing Center:
 - Phone: 800-487-6019
 - Email: ElPasoDLSC@sba.gov